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DESOTO PARISH FIRE DISTRICT NO. 8
MANSFIELD, LOUISIANA

ANNUAL FINANCIAL REPORT
DECEMBER 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/18/08

MARSHA O. MILLICAN
CERTIFIED PUBLIC ACCOUNTANT
SHREVEPORT, LOUISIANA

DESOTO PARISH FIRE DISTRICT NO. 8

Mansfield, Louisiana

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Marsha O. Millican
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Commissioners
DeSoto Parish Fire District No. 8
Mansfield, Louisiana

I have audited the accompanying basic financial statements of DeSoto Parish Fire District No. 8, (the District) a component unit of the DeSoto Parish Police Jury, as of and for the year ended December 31, 2007, as listed in the table of contents. These financial statements are the responsibility of the DeSoto Parish Fire District No. 8's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects the position of the District of December 31, 2007, and the respective changes in financial position for year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 6 and 24, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

In accordance with *Governmental Auditing Standards*, I have also issued a report dated June 6, 2008 on my consideration of DeSoto Parish Fire District No. 8's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

Marsha O. Millican

Certified Public Accountant
June 6, 2008



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of DeSoto Parish Fire District No. 8's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on December 31, 2007. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District had total net assets of \$2,162,648 at year end which represents an increase from the prior year of \$281,571.

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of the following - Management's Discussion and Analysis (this section), the basic financial statements, and notes to financial statements. These components are described below:

Basic Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets and Cash Flows provide information about the activities of the District as a whole and present a longer-term view of the District's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report the District's net assets and changes in them. You can think of the District's net assets, the difference between assets and liabilities, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating.

FINANCIAL ANALYSIS OF The ENTITY

Net Assets

Net assets may serve over time as a useful indicator of the District's financial position. The District's assets exceeded liabilities by \$2,162,648 as of December 31, 2007.

The District's major assets are its fixed assets of \$835,892 representing its investment in capital assets such as land, buildings and improvements, equipment and furniture, less the related debt used to acquire those assets that is still outstanding. The District owed \$115,325 at year end on the debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the citizens of the District; consequently, these assets are not available for future spending. Revenues needed to repay the related debt will be provided through tax assessments on property located within the District.

DeSoto Parish Fire District No. 8's Net Assets December 31,

	2007	2006
Current assets	1,446,982	1,125,648
Capital assets	<u>835,384</u>	<u>937,410</u>
Total assets	<u>2,282,366</u>	<u>2,063,058</u>
Current liabilities	4,393	12,707
Noncurrent liabilities	<u>115,325</u>	<u>169,274</u>
Total liabilities	<u>119,718</u>	<u>181,981</u>
Invested in capital assets, net of related debt	720,059	768,136
Unrestricted	<u>1,442,589</u>	<u>1,064,396</u>
Total net assets	<u>2,162,648</u>	<u>1,844,396</u>

Changes in Net Assets

The District's net assets increased by \$281,571 or 25% during the year ended December 31, 2007. Approximately 91%(\$1,396,024) of the District's total revenue was derived through property taxes. Expenses incurred by the District are primarily for the provision of fire protection and emergency medical treatment to the citizens of the District. Approximately 68(\$870,434) of the District's expenses are for salaries and related payroll taxes and employee benefits.

DeSoto Parish Fire District No. 8's Changes in Net Assets

Year Ended December 31,

	<u>2007</u>	<u>2006</u>
Revenues:		
General revenues:		
Property taxes	1,396,024	1,072,840
Interest	21,618	18,013
Intergovernmental	113,648	81,992
Miscellaneous	<u>15,022</u>	<u>8,905</u>
Total revenues	<u>1,546,312</u>	<u>1,181,750</u>
Expenses:		
Public safety - fire protection	1,257,089	1,138,284
Interest on long-term debt	<u>7,652</u>	<u>6,785</u>
Total expenses	<u>1,264,741</u>	<u>1,145,069</u>
Increase(Decrease) in net assets	<u><u>281,571</u></u>	<u><u>36,681</u></u>

FINANCIAL ANALYSIS OF THE DISTRICT'S INDIVIDUAL FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental fund is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

As of the end of the current year, the District's governmental fund reported combined ending fund balances of \$1,442,589, a increase of \$329,648 compared to the prior year.

Of the combined ending fund balances, 1,442,589 is unreserved and available for spending in the coming year.

The general fund is the chief operating fund of the District. As a measure of the general fund's liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. The fund balance of the general fund increased by \$329,648 during 2007.

GENERAL FUND BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the District complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA - R.S. 39:1301 et seq.).

The District's budget was amended during 2007.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2007, totaled \$2,765,113 net of accumulated depreciation of \$1,929,729, leaving a book value of \$835,384. This investment in capital assets includes fire stations (land, buildings and improvements), fire trucks, emergency response vehicles, fire fighting and rescue equipment, office equipment and furniture (equipment and furniture).

Actual costs to purchase capital assets was \$41,371 for the year. Depreciation charges for the year totaled \$143,397.

Debt Administration

The District reduced its long term debt by \$53,949 during 2007.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factor was considered when the budget for the fiscal year ended December 31, 2008 was prepared.

- Revenues are expected to stay consistent for 2008.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of DeSoto Parish Fire District No. 8 for all of the District's citizens, taxpayers, investors, and creditors. This financial report seeks to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mr. David Manning,, Fire Chief, DeSoto Parish Fire District No. 8, 13011 Highway 175, Mansfield, Louisiana 71052, or by calling (318) 872-2453.

DESOTO PARISH FIRE DISTRICT NO. 8

Statement of Net Assets

December 31, 2007

ASSETS	
Cash	\$ 113,892
Ad valorem taxes receivable	1,332,330
Capital Assets - net of accumulated depreciation	835,384
Deposits	<u>760</u>
Total Assets	<u><u>\$ 2,282,366</u></u>
 LIABILITIES AND FUND BALANCES	
Liabilities	
Accounts payable and accruals	\$ 4,393
Long term liabilities:	
Payable within one year	56,388
Payable after one year	<u>58,937</u>
Total Liabilities	<u>119,718</u>
Fund Balances	
Invested in capital assets, net of related debt	720,059
Unreserved	<u>1,442,589</u>
Total Net Assets	<u><u>\$ 2,162,648</u></u>

DESOTO PARISH FIRE DISTRICT NO. 8

Statement of Activities
For the Year Ended December 31, 2007

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Operating Grants</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:				
Public safety-fire protection	\$ 1,257,089	\$ 19,756	\$ -	\$ (1,237,333)
Interest on long term debt	7,652	-	-	(7,652)
Total Governmental Activities	\$ 1,264,741	\$ 19,756	\$ -	\$ (1,244,985)
General Revenues:				
Taxes				
Ad valorem taxes				1,396,024
State fire insurance rebate				29,037
State revenue sharing				7,655
State supplemental pay				57,200
Interest Earned				21,618
Miscellaneous				15,022
Total General Revenues				1,526,556
Change in Net Assets				281,571
Net Assets, beginning of year				1,881,077
Net Assets, end of year				\$ 2,162,648

The notes to the financial statements are an integral part of this statement.

DESOTO PARISH FIRE DISTRICT NO. 8

Balance Sheet
Governmental Fund
December 31, 2007

ASSETS	
Cash	\$ 113,892
Ad valorem taxes receivable	1,332,330
Deposits	<u>760</u>
Total Assets	<u>\$ 1,446,982</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable and accruals	<u>\$ 4,393</u>
Total Liabilities	<u>4,393</u>
Fund Balance	
Unreserved	<u>1,442,589</u>
Total Fund Balance	<u>1,442,589</u>
Total Liabilities and Fund Balances	<u>\$ 1,446,982</u>

The notes to the financial statements are an integral part of this statement.

DESOTO PARISH FIRE DISTRICT NO. 8

**Reconciliation of Fund Balances on the Balance Sheets
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
For the Year Ended December 31, 2007**

Fund Balances - Total Governmental Funds \$ 1,442,589

Amounts reported for governmental activities in the statement of
net assets are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds:

Add - capital assets	2,765,113
Deduct - accumulated depreciation	(1,929,729)

Certain liabilities, such as long term debt, are not due and payable in the current period and therefore are not reported in the funds	(115,325)
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Net Assets of Governmental Activities \$ 2,162,648

The notes to financial statements are an integral part of this statement.

DESOTO PARISH FIRE DISTRICT NO. 8

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

Revenues:

Ad valorem taxes	\$ 1,396,024
Intergovernmental revenues:	
State fire insurance rebate	29,037
State revenue sharing	7,655
State supplemental pay	57,200
Grants	19,756
Interest earned	21,618
Miscellaneous	15,022
	<hr/>
Total Revenues	1,546,312

Expenditures:

Current:	
Fire protection	1,155,063
Debt service:	
Principal	53,949
Interest	7,652
	<hr/>
Total Expenditures	1,216,664

Net changes in fund balance	329,648
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Fund Balances, Beginning of Year	<hr/> 1,112,941
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Fund Balances, End of Year	<hr/> <hr/> \$ 1,442,589
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The notes to the financial statements are an integral part of this report.

DESOTO PARISH FIRE DISTRICT NO. 8

**Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2007**

Amounts reported for governmental activities in the statement of
activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ 329,648
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$143,397) exceed capital outlay (\$41,371)	(102,026)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities.	<u>53,949</u>
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Change in Net Assets of Governmental Activities	<u>\$ 281,571</u>
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The notes to financial statements are an integral part of this statement.

DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements

December 31, 2007

INTRODUCTION

The DeSoto Parish Fire District No. 8 ("the District") was created by the DeSoto Parish Police Jury by ordinance as provided under the Louisiana Revised Statutes 40:1492 on July 22, 198. The District is governed by a five member board appointed by the DeSoto Parish Police Jury. The District is responsible for maintaining and operating fire stations and equipment and providing fire protection within the boundaries of the District. The District is a component unit of the DeSoto Parish Police Jury.

I. Summary of Significant Accounting Policies:

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999 the GASB issued Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Statement 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. These Statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. They require new information and restructure much of the information that governments have presented in the past.

For the year ended December 31, 2004, the District implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and Government Accounting Standards Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity is financial accountability. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

The District is a component unit of the DeSoto Parish Police Jury, the financial reporting entity. The Police Jury is financially accountable for the District because it appoints a voting majority of the board and has the ability to impose its will on the District.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements

December 31, 2007

1. *Summary of Significant Accounting Policies (continued):*

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information of all nonfiduciary activities of the District. The statement of activities demonstrates the degree to which the direct expenses of a given function segment, or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function, segment or component unit. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District consists of one program, fire protection.

Governmental fund financial statements are provided for the District. The District consists of three governmental funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Accounting – In accordance with Government Accounting Standards Board Statement No. 34, the District has presented a Statement of Net Assets and a Statement of Activities for the District as a whole. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity – Interfund receivables and payables are eliminated in the Statement of Net Assets.

Application of FASB Statements and Interpretations – Reporting on governmental type and business-type activities are based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalizing Assets – Tangible or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Equipment, furniture and fixtures, and buildings are recorded at their historical costs and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Assets

Program Revenues – The Statement of Activities presents two categories of program revenues - (1) charges for services; and (2) operating grants and contributions.

Charges for services are those revenues arising from exchange or exchange like transactions with external parties that purchase, use or directly benefit from the programs goods, services or privileges. Service charges (structure fees) are reported as charges for services.

Operating grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for operating purposes of a program. Supplemental salaries paid to the firefighters by the State of Louisiana, state revenue sharing, and fire insurance rebates are reported as operating grants and contributions.

DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements

December 31, 2007

1. *Summary of Significant Accounting Policies (continued):*

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Restricted Net Assets – Restricted net assets are those for which a constraint has been imposed either externally or by law. Resources restricted for a specific purpose are exhausted before unrestricted net assets are used.

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government Fund Financial Statements – The Governmental financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Principal revenue sources considered susceptible to accrual include property taxes, service fees, and interest on investments. Other revenues are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

Interest on general long-term obligations is recognized when paid.

Fund Accounting

The financial activities of the District are recorded in individual funds, each of which is deemed to be a separate accounting entity. The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including collection and disbursement of specific or legally restricted monies, the acquisition, construction or improvement of capital assets, and the servicing of long-term debt. Governmental funds of the District include:

General Fund – the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds.

Debt Service Fund – accounts for transactions relating to resources retained and used for the payment of principal and interest on the long-term obligations.

DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements

December 31, 2007

1. Summary of Significant Accounting Policies (continued):

Budgeting and Budgetary Control

A budget for the ensuing year is prepared by the fire chief and approved by the board of commissioners prior to December 31st of each year. The proposed budget for the general fund is prepared on the modified accrual basis of accounting. The budget is legally adopted and amended, as necessary, by the board of commissioners. The board reserves all authority to make changes to the budgets. Unexpended appropriations lapse at year end and must be re-appropriated in the next year's budget to be expended. The budget was amended in 2007.

Formal integration of the budget into the accounting records is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less when purchased. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. At December 31, 2007, the District had no cash equivalents.

Use of Estimates

The preparation of financial statements generally requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Capital Assets

The District's assets are recorded at historical cost. Capital assets are recorded as expenditures in the governmental fund financial statements. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are charged to expense as incurred. Depreciation expense is recorded in the government-wide financial statements using the straight-line method over the useful lives of the assets. All assets of the District are reported in the accompanying financial statements.

Compensated Absences

Compensated absences for vacation and sick leave do not accrue past the calendar year and are not paid for if not taken.

DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements

December 31, 2007

1. Summary of Significant Accounting Policies (continued):

Long-term Obligations

In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability reported on the Statement of Net Assets. In the fund financial statements, debt principal payments of the governmental funds are recognized as expenditures when paid.

Receivables

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectible accounts.

Governmental fund type receivables consist primarily of amounts due for property taxes.

Net Assets/Fund Balances

In the Statement of Net Assets, the differences between a government's assets and liabilities are recorded as net assets. The three components of net assets are as follows:

Invested in Capital Assets, Net of Related Debt – This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowing attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets – This category records net assets that are restricted by external sources such as banks or by law are reported separately as restricted net assets.

Unrestricted Net Assets – This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

Reserved – The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes.

Unreserved – The unreserved fund balances for governmental funds represent the amount available for budgeting future operations.

DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements

December 31, 2007

2. Cash and Cash Equivalents:

At December 31, 2007, the District has cash (book balances) totaling \$113,892 follows:

	Bank Balances	Book Balances
Interest-bearing demand deposits	<u>\$ 132,090</u>	<u>\$ 113,892</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposits insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank that is mutually acceptable to both parties. At December 31, 2007, deposits of \$100,000 were insured by FDIC insurance and deposits of \$32,090 were collateralized by securities pledged in the name of the District.

3. Ad Valorem Taxes Receivable:

Ad valorem taxes are collected by the DeSoto Parish Sheriff and remitted to the District on a monthly basis. For the year ended December 31, 2007, taxes of 10.00 mills were levied and dedicated to general maintenance..

Taxes receivable at December 31, 2007 totaled \$1,332,330 and are fully collectible.

4. Investments:

Investments consist of funds invested in the Louisiana Asset Management Pool (LAMP). LAMP was established and is administered by LAMP, Inc., a nonprofit corporation organized under the law of State of Louisiana. LAMP accepts deposits from public entities. Upon the making of an investment, a public entity becomes a member of LAMP, Inc. Similar to a corporate shareholder, and maintains certain rights with respect to the governance of the corporation. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality vehicles for investment. The LAMP portfolio includes only securities and obligations in which local governments in Louisiana are authorized to invest. LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, U.S. Government, or one of its agencies. The dollar weighted average portfolio of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their balances.

At December 31, 2007, funds on deposit with LAMP (at cost) totaled \$90,682.

DESOTO PARISH FIRE DISTRICT NO. 8

Notes to Financial Statements

December 31, 2007

5. Capital Assets:

Capital asset activity for the year ended December 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated	\$ 39,472	\$ -	\$ -	\$ 39,472
Capital assets, being depreciated:				
Building & Improvements	624,279	-	-	624,279
Equipment & Furniture	<u>2,059,991</u>	<u>41,371</u>	<u>-</u>	<u>2,101,362</u>
Total	<u>2,723,742</u>	<u>41,371</u>	<u>-</u>	<u>2,765,113</u>
Less: Accumulated Depreciation:				
Building & Improvements	(167,691)	(14,745)	-	(182,436)
Equipment	<u>(1,618,641)</u>	<u>(128,652)</u>	<u>-</u>	<u>(1,747,293)</u>
Total	<u>(1,786,332)</u>	<u>(143,397)</u>	<u>-</u>	<u>(1,929,729)</u>
Net capital assets	<u>\$ 937,410</u>	<u>\$ (102,026)</u>	<u>\$ -</u>	<u>\$ 835,384</u>

6. Risk Management:

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss, including workers' compensation. There were no significant reductions in insurance coverage from the prior year.

7. On-Behalf Payments for Fringe Benefits and Salaries:

Supplemental salary payments are made by the State directly to certain firemen employed by the District. GASB Statement No. 24 requires that on-behalf payments be recognized as both revenue and expenditure by an employer government entity. In accordance with this Statement, \$57,200 has been recognized as both intergovernmental revenue (state supplemental pay) and salaries in the General Fund.

DESOTO PARISH FIRE DISTRICT NO. 8
Notes to Financial Statements
December 31, 2007

8. Pension Plan:

Firefighter's Retirement System of Louisiana

Plan Description

Substantially all employees of the District are members of the Louisiana Firefighters' Retirement System (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipally, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

Funding Policy

Plan members are required by state statute to contribute 8% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The employer contribution rate for 2007 ranged from 13.75 to 15.5 %. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System for the year ending December 31, 2007 was \$85,864 based on an covered payroll of \$588,247.

DESOTO PARISH FIRE DISTRICT NO. 8
Notes to Financial Statements
December 31, 2007

9. Long-Term Obligations:

A summary of change in long-term obligation bonds is as follows:

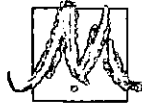
	Capital Leases
Balance, January 1, 2007	\$ 169,274
Proceeds from borrowing	-
Principal payments	<u>(53,949)</u>
Balance, December 31, 2007	<u>\$ 115,325</u>

The annual requirements to amortize all long-term debt outstanding as of December 31, 2007, including interest payments of \$ 7,877 are as follows:
year ending 2008 - \$61,601; 2009 - \$61,601.

DESOTO PARISH FIRE DISTRICT NO. 8**Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual****General Fund**

For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 1,088,893	\$ 1,088,893	\$ 1,396,024	\$ 307,131
Intergovernmental				
State fire insurance rebate	-	-	29,037	29,037
State supplemental pay	-	-	57,200	57,200
State revenue sharing	9,597	9,597	7,655	(1,942)
Grants	1,000	17,573	19,756	2,183
Interest earned	10,000	10,000	21,618	11,618
Miscellaneous	23,200	23,200	15,022	(8,178)
Total revenues	<u>1,132,690</u>	<u>1,149,263</u>	<u>1,546,312</u>	<u>397,049</u>
Expenditures:				
Current fire protection:				
Personal services	806,000	824,000	870,434	(46,434)
Operating services	125,000	130,000	142,515	(12,515)
Materials and supplies	50,000	66,573	69,927	(3,354)
Travel and other	10,000	30,000	30,816	(816)
Debt service	61,601	61,601	61,601	-
Capital outlay	-	28,541	41,371	(12,830)
Total Expenditures	<u>1,052,601</u>	<u>1,140,715</u>	<u>1,216,664</u>	<u>(75,949)</u>
Excess Revenues Over Expenditures	80,089	8,548	329,648	472,998
Fund Balances, Beginning	<u>1,112,941</u>	<u>1,112,941</u>	<u>1,112,941</u>	
Fund Balances, Ending	<u>\$ 1,193,030</u>	<u>\$ 1,121,489</u>	<u>\$ 1,442,589</u>	<u>\$ 472,998</u>



Marsha O. Millican

CERTIFIED PUBLIC ACCOUNTANT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of the Board of Commissioners
DeSoto Parish Fire District No. 8
Mansfield, Louisiana

I have audited the component unit financial statements of DeSoto Parish Fire District No. 8 as of and for the year ended December 31, 2007, and have issued my report thereon, dated June 6, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered DeSoto Parish Fire District No. 8's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the second paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified a certain deficiency in internal control over financial reporting that I consider to be a material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. I consider the Finding #2007-1 described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies and, accordingly, would not disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that Finding #2007-1, lack of segregation of duties, is a material weakness.

810 WILKINSON
SHREVEPORT, LA 71104-3036
(318) 221-3681
FAX: (318) 221-4641

Compliance and Other Matters

As part of obtaining reasonable assurance about whether DeSoto Parish Fire District No. 8's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of management, the Board of Commissioners and applicable federal and state cognizant agencies and is not intended to be, and should not be, used by anyone other than the specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Marsha D. McIlhenny

Certified Public Accountant
June 6, 2008

DESOTO PARISH FIRE DISTRICT NO. 8

CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2007

FINDING 2006-1

The segregation of duties is inadequate to provide effective internal control.

CORRECTIVE ACTION TAKEN:

No action was recommended due to economic and space limitations and none was taken.

DESOTO PARISH FIRE DISTRICT NO. 8
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2007

FINDING/NONCOMPLIANCE

FINDING 2007 - #1:

Condition: The segregation of duties is inadequate to provide effective internal control.

Criteria: Employees perform related accounting functions.

Cause: The condition is due to economic and space limitations.

Recommendation: No action is recommended.

Management's Response: We concur with the finding.